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Title: Need to reduce interest rate charged by banks for educational loans - laid.

SHRI A.V. BELLARMIN (NAGERCOIL): The Government deserves appreciation for having issued guidelines liberalizing the sanction of education loans to the deserving students. The people particularly the parents in rural India take it as a pride in sending their wards pride in professional colleges and the students of such colleges availing education loan. But it is a matter of grave concern that the interest chargeable under education loan is 11.5% per annum. In this context it is stated that banks are advancing loans for Housing @ 7.5% for gold @ 7% for vehicle @ 5%. But the rate of education loan for the poor students is very much higher than those loans available to affordable classes of society. The poor students are compelled to pay the interest @ 11.5% from the date of sanction of the loans every month. Such an exorbitant rate will be an unbearable burden for the students as well as the poor parents.

The students who complete their studies have to wait for a job for a long. So this rate of interest will be an additional burden on them.

As such, I request the Government to consider reducing the rate of interest and issue suitable instructions to the banks.